



**RANDOLPH COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2000**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2001-104
September 28, 2001
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2001

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Randolph, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Randolph County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- As noted in two prior audit reports, the county's General Revenue Fund is in poor financial condition. The cash balance has been negative since 1997, declining from (\$10,440) at December 31, 1997, to (\$144,636) at December 31, 2000. Increases in receipts have not kept pace with increases in disbursements and the county incurred some large, one-time public safety costs during 2000. In addition, the county salary commission approved salary increases totaling approximately \$98,000 for county elected officials paid from the General Revenue Fund.
- The county has not sufficiently reduced its property tax revenues. For 1999 and 2000, the county set the property tax rate without calculating the required rollback. As a result, actual property tax collections were not sufficiently offset by 50 percent of sales taxes collected, resulting in excess collections of approximately \$78,011 at December 31, 2000.
- Salaries for elected county officials increased significantly in January 1999. Our review of the county salary commission minutes and related Prosecuting Attorney legal opinions identified several concerns, including insufficient documentation of salary commission decisions and salaries to be paid, inconsistent application of actions among officials, and the approval of mid-term raises for some officials. Although the legal opinions indicated that previous salary commission actions did not comply with statutory guidelines and made recommendations regarding salaries which should be paid to various county officials, the salary commission did not reconvene to consider these opinions. Salaries, however, were paid at the amounts recommended by the Prosecuting Attorney.

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YELLOW SHEET

- The county does not have adequate procedures in place to track federal financial assistance for preparation of the schedule of expenditures of federal awards. The county's schedules for 1999 and 2000 contained numerous errors and omissions. Without an accurate schedule, federal financial activity may not be audited and reported in accordance with federal audit requirements, which could result in future reductions of federal funds.
- Throughout much of the audit period, the Prosecuting Attorney's staff did not prepare bank reconciliations, maintain a check register balance, or prepare listings of open items. In February 2001, the Prosecuting Attorney paid a Certified Public Accountant \$1,050 to review the records of the official bank account, determine the check register balance, prepare an open items listing, and reconcile the check register balance to the open items.

Bad check fees totaling \$3,141 collected by the Prosecuting Attorney's Office in June 2000, appear to be missing. There is no evidence that these fees were ever transmitted to the County Treasurer for deposit. Because the Prosecuting Attorney's office did not reconcile receipt slips issued by the County Treasurer to their receipt records, they were unaware that these monies were not received by the County Treasurer.

- Bond processing fees totaling approximately \$10,400 were collected by the Sheriff's department during the two years ended December 31, 2000, although the state law authorizing the fee had been repealed.
- Because the County Clerk and Sheriff's department each submitted a claim to the Missouri Sheriff's Association, the county was improperly reimbursed twice for the same expenses totaling approximately \$1,200.

Also included in the audit are recommendations related to budgetary practices, published financial statements, personnel policies, computer controls, and a rental agreement. The audit also suggested improvements in the accounting controls and procedures of the Juvenile Office, County Clerk and the County Health Center. Several of these issues have been mentioned in prior audits.

All reports are available on our website: www.auditor.state.mo.us

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Randolph County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Randolph County, Missouri, as of and for the years ended December 31, 2000 and 1999, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Randolph County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Randolph County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Randolph County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2000 and 1999, in conformity with the comprehensive basis of accounting discussed in Note 1,

which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 26, 2001, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Randolph County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill
State Auditor

June 26, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Regina Pruitt, CPA
In-Charge Auditor:	Cheryl Colter, CPA
Audit Staff:	Brian Benter
	Ayanna Merchant



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Randolph County, Missouri

We have audited the special-purpose financial statements of various funds of Randolph County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 26, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Randolph County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Randolph County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not

necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Randolph County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 26, 2001 (fieldwork completion date)

Financial Statements

Exhibit A-1

RANDOLPH COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ (66,073)	2,765,101	2,843,664	(144,636)
Special Road and Bridge	1,208,175	1,625,811	1,635,216	1,198,770
Assessment	196,007	280,991	265,573	211,425
Law Enforcement Training	18,358	9,353	9,571	18,140
Prosecuting Attorney Training	1,421	1,684	3,023	82
Recorder's User Fee	18,034	10,425	7,251	21,208
Domestic Abuse	940	985	0	1,925
Sheriff	8,077	68,446	72,238	4,285
Local Emergency Planning Commission	9,413	5,611	9,670	5,354
Circuit Clerk Interest	12,162	4,995	10,654	6,503
Associate Circuit Division Interest	1,818	314	913	1,219
Cemetery Trust	29,989	1,246	1,461	29,774
Law Library	7,407	6,682	6,230	7,859
Juvenile Officer Tutoring	859	1,000	1,321	538
Prosecuting Attorney Bad Check	5,354	48,278	35,955	17,677
Parenting Class	1,590	4,620	3,280	2,930
Family Access	50	0	50	0
Sheriff Donation	23,927	2,802	22,396	4,333
Election Service	279	3,689	968	3,000
Health Center	61,374	2,237,538	1,958,862	340,050
Prosecuting Attorney Delinquent Tax	1,052	379	0	1,431
Ferguson Scholarship	5,135	246	0	5,381
Total	\$ 1,545,348	7,080,196	6,888,296	1,737,248

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

RANDOLPH COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 1999

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ (88,344)	2,690,320	2,668,049	(66,073)
Special Road and Bridge	1,173,822	1,673,287	1,638,934	1,208,175
Assessment	184,585	299,440	288,018	196,007
Law Enforcement Training	12,762	12,465	6,869	18,358
Prosecuting Attorney Training	2,370	2,702	3,651	1,421
Recorder's User Fee	17,297	12,014	11,277	18,034
Domestic Abuse	690	1,250	1,000	940
Sheriff	16,198	63,230	71,351	8,077
Local Emergency Planning Commission	11,900	3,880	6,367	9,413
Circuit Clerk Interest	12,587	7,048	7,473	12,162
Associate Circuit Division Interest	2,551	299	1,032	1,818
Cemetery Trust	29,582	1,437	1,030	29,989
Law Library	3,942	6,782	3,317	7,407
Juvenile Officer Tutoring	611	1,000	752	859
Prosecuting Attorney Bad Check	12,045	42,936	49,627	5,354
Parenting Class	245	5,530	4,185	1,590
Family Access	0	90	40	50
Sheriff Donation	0	28,247	4,320	23,927
Election Service	0	279	0	279
Health Center	18,294	1,991,268	1,948,188	61,374
Prosecuting Attorney Delinquent Tax	1,793	2,205	2,946	1,052
Ferguson Scholarship	5,159	226	250	5,135
Total	\$ 1,418,089	6,845,935	6,718,676	1,545,348

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

RANDOLPH COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 4,731,130	4,793,755	62,625	4,779,327	4,823,411	44,084
DISBURSEMENTS	5,640,343	4,893,479	746,864	5,343,956	4,761,940	582,016
RECEIPTS OVER (UNDER) DISBURSEMENTS	(909,213)	(99,724)	809,489	(564,629)	61,471	626,100
CASH, JANUARY 1	1,472,433	1,472,433	0	1,389,894	1,390,292	398
CASH, DECEMBER 31	563,220	1,372,709	809,489	825,265	1,451,763	626,498
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	458,200	468,865	10,665	446,200	475,215	29,015
Sales taxes	1,100,000	1,105,993	5,993	980,000	1,046,671	66,671
Intergovernmental	503,200	549,605	46,405	572,368	507,322	(65,046)
Charges for services	507,200	513,506	6,306	535,000	570,657	35,657
Interest	16,000	23,030	7,030	16,000	16,389	389
Other	20,900	34,615	13,715	26,300	27,066	766
Transfers in	65,700	69,487	3,787	60,000	47,000	(13,000)
Total Receipts	2,671,200	2,765,101	93,901	2,635,868	2,690,320	54,452
DISBURSEMENTS						
County Commission	99,116	99,997	(881)	96,436	98,970	(2,534)
County Clerk	99,760	96,173	3,587	95,030	90,421	4,609
Elections	34,100	48,650	(14,550)	26,500	10,248	16,252
Buildings and grounds	75,500	108,298	(32,798)	64,300	59,902	4,398
Employee fringe benefits	355,500	329,788	25,712	326,400	314,642	11,758
County Treasurer	35,270	34,788	482	33,370	33,177	193
County Collector	95,410	95,454	(44)	93,977	94,700	(723)
Ex Officio Recorder of Deeds	81,550	80,679	871	76,275	76,183	92
Circuit Clerk	32,500	17,139	15,361	35,000	25,720	9,280
Associate Circuit Court	69,320	19,353	49,967	63,820	22,222	41,598
Associate Circuit (Probate)	23,900	4,773	19,127	23,832	4,552	19,280
Court administration	18,100	7,990	10,110	17,895	9,216	8,679
Public Administrator	46,400	40,972	5,428	44,450	64,534	(20,084)
Sheriff	540,450	568,709	(28,259)	510,490	516,193	(5,703)
Jail	424,410	587,631	(163,221)	402,800	468,873	(66,073)
Prosecuting Attorney	248,100	249,294	(1,194)	255,768	232,086	23,682
Juvenile Officer	361,520	288,881	72,639	396,870	325,957	70,913
County Coroner	19,105	18,808	297	20,173	18,208	1,965
Other	185,350	138,315	47,035	194,750	194,064	686
Public Defender	6,255	6,044	211	6,255	6,040	215
Jury Commission	3,800	1,928	1,872	3,800	2,141	1,659
Emergency Fund	80,100	0	80,100	84,000	0	84,000
Total Disbursements	2,935,516	2,843,664	91,852	2,872,191	2,668,049	204,142
RECEIPTS OVER (UNDER) DISBURSEMENTS	(264,316)	(78,563)	185,753	(236,323)	22,271	258,594
CASH, JANUARY 1	(66,073)	(66,073)	0	(88,344)	(88,344)	0
CASH, DECEMBER 31	(330,389)	(144,636)	185,753	(324,667)	(66,073)	258,594

Exhibit B

RANDOLPH COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	621,600	663,810	42,210	596,000	640,757	44,757
Intergovernmental	950,000	872,938	(77,062)	945,000	936,191	(8,809)
Charges for services	500	355	(145)	500	385	(115)
Interest	72,000	76,507	4,507	75,000	71,315	(3,685)
Other	10,550	12,201	1,651	133,050	24,639	(108,411)
Total Receipts	1,654,650	1,625,811	(28,839)	1,749,550	1,673,287	(76,263)
DISBURSEMENTS						
Salaries	405,000	412,281	(7,281)	390,000	392,147	(2,147)
Employee fringe benefits	131,100	125,175	5,925	120,800	114,864	5,936
Supplies	40,000	26,492	13,508	35,000	29,139	5,861
Insurance	33,000	32,189	811	37,000	29,867	7,133
Road and bridge materials	299,000	228,180	70,820	282,000	238,773	43,227
Equipment repairs	77,500	64,719	12,781	77,500	44,185	33,315
Rentals	25,000	8,070	16,930	50,000	55,358	(5,358)
Equipment purchases	500,000	359,410	140,590	500,000	234,063	265,937
Construction, repair, and maintenance	520,000	225,199	294,801	420,000	376,349	43,651
Other	109,400	105,501	3,899	83,700	77,189	6,511
Transfers out	65,700	48,000	17,700	60,000	47,000	13,000
Total Disbursements	2,205,700	1,635,216	570,484	2,056,000	1,638,934	417,066
RECEIPTS OVER (UNDER) DISBURSEMENTS	(551,050)	(9,405)	541,645	(306,450)	34,353	340,803
CASH, JANUARY 1	1,208,175	1,208,175	0	1,173,822	1,173,822	0
CASH, DECEMBER 31	657,125	1,198,770	541,645	867,372	1,208,175	340,803
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	266,800	263,702	(3,098)	226,356	283,103	56,747
Charges for services	2,000	1,950	(50)	2,000	2,214	214
Interest	14,000	15,267	1,267	14,000	14,015	15
Other	100	72	(28)	0	108	108
Total Receipts	282,900	280,991	(1,909)	242,356	299,440	57,084
DISBURSEMENTS						
Assessor	346,200	265,573	80,627	304,200	288,018	16,182
Total Disbursements	346,200	265,573	80,627	304,200	288,018	16,182
RECEIPTS OVER (UNDER) DISBURSEMENTS	(63,300)	15,418	78,718	(61,844)	11,422	73,266
CASH, JANUARY 1	196,007	196,007	0	184,585	184,585	0
CASH, DECEMBER 31	132,707	211,425	78,718	122,741	196,007	73,266
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	10,000	9,353	(647)	7,500	12,465	4,965
Total Receipts	10,000	9,353	(647)	7,500	12,465	4,965
DISBURSEMENTS						
Sheriff	9,050	9,571	(521)	7,550	6,869	681
Total Disbursements	9,050	9,571	(521)	7,550	6,869	681
RECEIPTS OVER (UNDER) DISBURSEMENTS	950	(218)	(1,168)	(50)	5,596	5,646
CASH, JANUARY 1	18,358	18,358	0	12,762	12,762	0
CASH, DECEMBER 31	19,308	18,140	(1,168)	12,712	18,358	5,646

Exhibit B

RANDOLPH COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	3,000	1,684	(1,316)	3,500	2,702	(798)
Total Receipts	3,000	1,684	(1,316)	3,500	2,702	(798)
DISBURSEMENTS						
Prosecuting Attorney	3,550	3,023	527	2,855	3,651	(796)
Total Disbursements	3,550	3,023	527	2,855	3,651	(796)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(550)	(1,339)	(789)	645	(949)	(1,594)
CASH, JANUARY 1	1,421	1,421	0	2,370	2,370	0
CASH, DECEMBER 31	871	82	(789)	3,015	1,421	(1,594)
<u>RECORDER'S USER FEE FUND</u>						
RECEIPTS						
Charges for services	12,000	9,467	(2,533)	12,500	11,036	(1,464)
Interest	1,000	958	(42)	1,000	978	(22)
Total Receipts	13,000	10,425	(2,575)	13,500	12,014	(1,486)
DISBURSEMENTS						
Recorder of Deeds	10,575	7,251	3,324	12,000	11,277	723
Total Disbursements	10,575	7,251	3,324	12,000	11,277	723
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,425	3,174	749	1,500	737	(763)
CASH, JANUARY 1	18,034	18,034	0	17,297	17,297	0
CASH, DECEMBER 31	20,459	21,208	749	18,797	18,034	(763)
<u>DOMESTIC ABUSE FUND</u>						
RECEIPTS						
Charges for services	1,300	985	(315)	1,000	1,250	250
Total Receipts	1,300	985	(315)	1,000	1,250	250
DISBURSEMENTS						
Shelter	1,000	0	1,000	1,050	1,000	50
Total Disbursements	1,000	0	1,000	1,050	1,000	50
RECEIPTS OVER (UNDER) DISBURSEMENTS	300	985	685	(50)	250	300
CASH, JANUARY 1	940	940	0	690	690	0
CASH, DECEMBER 31	1,240	1,925	685	640	940	300
<u>SHERIFF FUND</u>						
RECEIPTS						
Intergovernmental	8,600	1,799	(6,801)	9,000	4,900	(4,100)
Charges for services	57,500	65,699	8,199	52,500	57,608	5,108
Interest	750	948	198	600	722	122
Total Receipts	66,850	68,446	1,596	62,100	63,230	1,130
DISBURSEMENTS						
Equipment	58,000	56,764	1,236	55,000	66,886	(11,886)
Other	4,500	445	4,055	0	4,465	(4,465)
Transfers out	0	15,029	(15,029)	0	0	0
Total Disbursements	62,500	72,238	(9,738)	55,000	71,351	(16,351)
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,350	(3,792)	(8,142)	7,100	(8,121)	(15,221)
CASH, JANUARY 1	8,077	8,077	0	16,198	16,198	0
CASH, DECEMBER 31	12,427	4,285	(8,142)	23,298	8,077	(15,221)

Exhibit B

RANDOLPH COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	12,000	5,339	(6,661)	4,500	3,503	(997)
Interest	500	272	(228)	468	377	(91)
Total Receipts	12,500	5,611	(6,889)	4,968	3,880	(1,088)
DISBURSEMENTS						
Equipment	7,500	7,181	319	1,250	2,704	(1,454)
Training and preparedness	3,750	2,395	1,355	4,250	2,708	1,542
Other	900	94	806	50	955	(905)
Total Disbursements	12,150	9,670	2,480	5,550	6,367	(817)
RECEIPTS OVER (UNDER) DISBURSEMENTS	350	(4,059)	(4,409)	(582)	(2,487)	(1,905)
CASH, JANUARY 1	9,413	9,413	0	11,900	11,900	0
CASH, DECEMBER 31	9,763	5,354	(4,409)	11,318	9,413	(1,905)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	3,000	4,995	1,995	4,900	7,048	2,148
Total Receipts	3,000	4,995	1,995	4,900	7,048	2,148
DISBURSEMENTS						
Circuit Clerk	14,500	10,654	3,846	16,410	7,473	8,937
Total Disbursements	14,500	10,654	3,846	16,410	7,473	8,937
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,500)	(5,659)	5,841	(11,510)	(425)	11,085
CASH, JANUARY 1	12,162	12,162	0	12,179	12,587	408
CASH, DECEMBER 31	662	6,503	5,841	669	12,162	11,493
<u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	360	314	(46)			
Total Receipts	360	314	(46)			
DISBURSEMENTS						
Associate Circuit Division	300	913	(613)			
Total Disbursements	300	913	(613)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	60	(599)	(659)			
CASH, JANUARY 1	1,818	1,818	0			
CASH, DECEMBER 31	1,878	1,219	(659)			
<u>CEMETERY TRUST FUND</u>						
RECEIPTS						
Interest	1,450	1,246	(204)	1,335	1,437	102
Total Receipts	1,450	1,246	(204)	1,335	1,437	102
DISBURSEMENTS						
Mowing	1,600	1,461	139	1,650	1,030	620
Total Disbursements	1,600	1,461	139	1,650	1,030	620
RECEIPTS OVER (UNDER) DISBURSEMENTS	(150)	(215)	(65)	(315)	407	722
CASH, JANUARY 1	29,989	29,989	0	29,582	29,582	0
CASH, DECEMBER 31	29,839	29,774	(65)	29,267	29,989	722

Exhibit B

RANDOLPH COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	4,000	6,682	2,682	4,000	6,782	2,782
Total Receipts	4,000	6,682	2,682	4,000	6,782	2,782
DISBURSEMENTS						
Law Library	9,000	6,230	2,770	7,000	3,317	3,683
Total Disbursements	9,000	6,230	2,770	7,000	3,317	3,683
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,000)	452	5,452	(3,000)	3,465	6,465
CASH, JANUARY 1	7,407	7,407	0	3,942	3,942	0
CASH, DECEMBER 31	2,407	7,859	5,452	942	7,407	6,465
<u>JUVENILE OFFICER TUTORING FUND</u>						
RECEIPTS						
Donations	1,000	0	(1,000)	500	1,000	500
Other	0	1,000	1,000	0	0	0
Total Receipts	1,000	1,000	0	500	1,000	500
DISBURSEMENTS						
Juvenile Officer	752	1,321	(569)	0	752	(752)
Total Disbursements	752	1,321	(569)	0	752	(752)
RECEIPTS OVER (UNDER) DISBURSEMENTS	248	(321)	(569)	500	248	(252)
CASH, JANUARY 1	859	859	0	611	611	0
CASH, DECEMBER 31	1,107	538	(569)	1,111	859	(252)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Intergovernmental				0	13,243	13,243
Charges for services				45,000	27,079	(17,921)
Interest				650	412	(238)
Other				0	2,202	2,202
Total Receipts				45,650	42,936	(2,714)
DISBURSEMENTS						
Prosecuting Attorney				0	49,627	(49,627)
Total Disbursements				0	49,627	(49,627)
RECEIPTS OVER (UNDER) DISBURSEMENTS				45,650	(6,691)	(52,341)
CASH, JANUARY 1				12,055	12,045	(10)
CASH, DECEMBER 31				57,705	5,354	(52,351)
<u>PARENTING CLASS FUND</u>						
RECEIPTS						
Charges for services	4,400	4,620	220	2,500	5,530	3,030
Total Receipts	4,400	4,620	220	2,500	5,530	3,030
DISBURSEMENTS						
Parenting classes	3,200	3,280	(80)	2,500	4,185	(1,685)
Total Disbursements	3,200	3,280	(80)	2,500	4,185	(1,685)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,200	1,340	140	0	1,345	1,345
CASH, JANUARY 1	1,590	1,590	0	245	245	0
CASH, DECEMBER 31	2,790	2,930	140	245	1,590	1,345

Exhibit B

RANDOLPH COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>FAMILY ACCESS FUND</u>						
RECEIPTS						
Charges for services	0	0	0	100	90	(10)
Total Receipts	0	0	0	100	90	(10)
DISBURSEMENTS						
Book	50	50	0	0	40	(40)
Total Disbursements	50	50	0	0	40	(40)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(50)	(50)	0	100	50	(50)
CASH, JANUARY 1	50	50	0	0	0	0
CASH, DECEMBER 31	0	0	0	100	50	(50)
<u>SHERIFF DONATION FUND</u>						
RECEIPTS						
Donations	0	2,802	2,802			
Total Receipts	0	2,802	2,802			
DISBURSEMENTS						
Equipment	23,000	22,396	604			
Total Disbursements	23,000	22,396	604			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(23,000)	(19,594)	3,406			
CASH, JANUARY 1	23,927	23,927	0			
CASH, DECEMBER 31	927	4,333	3,406			
<u>ELECTION SERVICE FUND</u>						
RECEIPTS						
Charges for services	1,500	3,606	2,106			
Interest	20	83	63			
Total Receipts	1,520	3,689	2,169			
DISBURSEMENTS						
Equipment	1,000	968	32			
Training	500	0	500			
Other	200	0	200			
Total Disbursements	1,700	968	732			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(180)	2,721	2,901			
CASH, JANUARY 1	279	279	0			
CASH, DECEMBER 31	99	3,000	2,901			

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

RANDOLPH COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Randolph County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Circuit Division Interest Fund	1999
Prosecuting Attorney Bad Check Fund	2000
Sheriff Donation Fund	1999
Election Service Fund	1999
Ferguson Scholarship Fund	2000 and 1999

Because the Health Center prepares its budgets on the accrual basis of accounting, which recognizes revenues when earned and expenditures when the related liability is incurred, the comparison of budget and actual information for the Health Center Fund is not included in Exhibit B. This information is provided below:

Health Center Fund						
Year Ended December 31,						
2000				1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes	\$ 408,000	422,200	14,200	397,596	464,347	66,751
Intergovernmental	448,502	495,033	46,531	368,845	406,355	37,510
Charges for services	1,033,110	989,325	(43,785)	896,404	907,271	10,867
Interest	7,115	11,432	4,317	2,250	7,041	4,791
Estate donation	0	266,707	266,707	0	0	0
Other	79,557	84,006	4,449	67,275	91,257	23,982
Total Revenues	<u>1,976,284</u>	<u>2,268,703</u>	<u>292,419</u>	<u>1,732,370</u>	<u>1,876,271</u>	<u>143,901</u>
EXPENDITURES						
Salaries	1,330,988	1,288,884	42,104	1,106,833	1,225,250	(118,417)
Office expenditures	171,629	186,504	(14,875)	181,371	174,466	6,905
Equipment	24,396	51,843	(27,447)	25,900	23,608	2,292
Mileage and training	48,942	45,541	3,401	40,214	41,426	(1,212)
Fringe benefits	260,702	240,634	20,068	209,847	230,340	(20,493)
Contract labor	119,118	157,807	(38,689)	101,686	117,454	(15,768)
Interest expense	1,000	0	1,000	9,818	1,429	8,389
Other	16,598	10,639	5,959	2,600	5,996	(3,396)
Total Expenditures	<u>\$ 1,973,373</u>	<u>1,981,852</u>	<u>(8,479)</u>	<u>1,678,269</u>	<u>1,819,969</u>	<u>(141,700)</u>

Exhibit A presents total receipts and disbursements of the Health Center Fund on the cash basis of accounting. Reconciliations of Exhibit A data to the actual revenues and expenditures recorded in the Health Center's financial records are presented below.

Reconciliation of Receipts to Revenues

Receipts on Exhibit A reconcile to revenues as follows:

		<u>Health Center Fund</u>	
		<u>Year Ended December 31,</u>	
		<u>2000</u>	<u>1999</u>
RECEIPTS PER EXHIBIT A	\$	2,237,538	1,991,268
Increase (Decrease) in accounts receivable		59,920	(105,078)
(Increase) Decrease in unearned revenue		<u>(28,755)</u>	<u>(9,919)</u>
REVENUES PER BUDGET	\$	<u>2,268,703</u>	<u>1,876,271</u>

Reconciliation of Disbursements to Expenditures

Disbursements on Exhibit A reconcile to expenditures as follows:

		<u>Health Center Fund</u>	
		<u>Year Ended December 31,</u>	
		<u>2000</u>	<u>1999</u>
DISBURSEMENTS PER EXHIBIT A	\$	1,958,862	1,948,188
Increase (Decrease) in salaries and fringe benefits payable		1,327	(2,657)
(Increase) Decrease in inventory and fixed assets		(228)	1,156
Increase (Decrease) in accounts payable		21,891	154
Increase (Decrease) in bank debt		<u>0</u>	<u>(126,872)</u>
EXPENDITURES PER BUDGET	\$	<u>1,981,852</u>	<u>1,819,969</u>

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training Fund	2000
Prosecuting Attorney Training Fund	1999
Sheriff Fund	2000 and 1999
Local Emergency Planning Commission Fund	1999
Associate Circuit Division Interest Fund	2000
Juvenile Officer Tutoring Fund	2000 and 1999
Prosecuting Attorney Bad Check Fund	1999
Parenting Class Fund	2000 and 1999
Family Access Fund	1999
Health Center Fund	2000 and 1999

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

A deficit budget balance is presented for the General Revenue Fund for the years ended December 31, 2000 and 1999.

However, the budgets of that fund also included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year property taxes not received before December 31. Such resources were sufficient to offset the deficit budget balances presented.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Circuit Clerk Interest Fund	2000 and 1999
Associate Circuit Division Interest Fund	2000 and 1999
Cemetery Trust Fund	2000 and 1999
Law Library Fund	2000 and 1999
Juvenile Officer Tutoring Fund	2000 and 1999
Prosecuting Attorney Bad Check Fund	2000 and 1999
Parenting Class Fund	2000 and 1999
Family Access Fund	2000 and 1999
Prosecuting Attorney Delinquent Tax Fund	2000 and 1999
Ferguson Scholarship Fund	2000 and 1999

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase

agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

Cash includes both deposits and investments. In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of deposits and investments. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

The financial statements do not include the cash balances of the County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depository insurance are pledged to the county rather than to specific county officials.

At December 31, 2000, the reported amount of the county's deposits was \$6,281,846 and the bank balance was \$6,432,233. Of the bank balance, \$2,204,448 was covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name, and \$4,227,785 was covered by collateral pledged by one bank and held in the county's name by the safekeeping department of an affiliate of the same bank holding company.

At December 31, 1999, the reported amount of the county's deposits was \$5,852,514 and the bank balance was \$6,142,524. Of the bank balance, \$1,620,226 was covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name, and \$4,522,298 was covered by collateral pledged by one bank and held in the county's name by the safekeeping department of an affiliate of the same bank holding company.

The Health Center Board's deposits at December 31, 2000 and 1999, were entirely covered by federal depository insurance or by collateral securities held by the Health Center Board's custodial bank in the Health Center Board's name.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances for the Health Center Board existed at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Investments

The only investment of the various funds at December 31, 2000 and 1999, was a repurchase agreement with a reported amount of \$900,000 and \$1,500,000, respectively (which approximated fair value).

This investment represents uninsured and unregistered investments for which the securities were held by the dealer bank's trust department or agent in the county's name.

3. Property Taxes

Through December 31, 2000, Randolph County collected \$78,011 in excess property taxes. Section 67.505, RSMo 2000, requires the county to reduce property taxes for a percentage of sales taxes collected. Randolph County voters enacted a one-half cent sales tax with a provision to reduce property taxes by fifty percent of sales taxes collected. Tax levies were not reduced sufficiently for actual sales tax collections.

4. Prior Period Adjustment

The Ferguson Scholarship Fund's cash balance of \$5,159 at January 1, 1999, was not previously reported, but has been added so the county's financial statements will include this fund.

Supplementary Schedule

Schedule

RANDOLPH COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2000	1999
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state Department of Health:				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-1188W ERS045-0188W ER0045-9188	\$ 27,020 72,739 0	0 28,012 72,040
	Program Total		99,759	100,052
10.559	Summer Food Service Program for Children	ERS046-0188I	57	0
10.561	State Administrative Matching Grants for Food Stamp Program	SDA42300007	28,273	0
10.574	Team Nutrition Grants	N/A	117	0
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
State Department of Public Safety-				
16.579	Byrne Formula Grant Program	96 NCD-15B-129	0	4,900
16.588	Violence Against Women Formula Grants	99-VAWA-0046 98-VAWA-0056	53,445 0	0 61,446
	Program Total		53,445	61,446
16.592	Local Law Enforcement Block Grants Program	99-LGB-078	1,800	0
Missouri Sheriff's Association-				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	1,100	1,093
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
Highway and Transportation Commission-				
20.205	Highway Planning and Construction	BRO-088(20)	32,500	0
20.600	State and Community Highway Safety	00-SA-09-4 99-SA-09-4	41,512 0	15,371 63,675
	Program Total		41,512	79,046
Department of Public Safety-				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	1,845	0

Schedule

RANDOLPH COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2000	1999
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration:				
39.003	Donation of Federal Surplus Personal Property	N/A	626	80
U.S. DEPARTMENT OF EDUCATION				
Passed through state Department of Elementary and Secondary Education:				
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	N/A	52	114
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health-				
93.268	Immunization Grants	PG0064-0188IAP	0	2,880
		PG0064-9188IAP	23,768	26,973
	Program Total		23,768	29,853
93.283	Centers for Disease Control and Prevention- Investigations and Technical Assistance	N/A	810	0
Department of Social Services-				
93.563	Child Support Enforcement	N/A	4,588	2,727
Department of Health-				
93.575	Child Care and Development Block Grant	PGA067-0188S	2,825	0
		PGA067-0188C	16,898	0
		PGA0067-9188	0	3,250
		ER0146-9188	0	12,666
	Program Total		19,723	15,916
Passed through state:				
Department of Social Services-				
93.658	Foster Care Title IV-E	SMSPY315-01	11,556	8,873
93.667	Social Services Block Grant	ER0172035	11,488	31,272
		ER0172009	437	7,815
	Program Total		11,925	39,087

Schedule

RANDOLPH COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2000	1999
Department of Health-				
93.991	Preventive Health and Health Services Block Grant	AOC00380173	25,931	0
		AOC9000099	0	29,433
		C000126001	1,747	0
		C904233001	0	2,000
		C100010001	5,000	0
		N/A	274	309
	Program Total		<u>32,952</u>	<u>31,742</u>
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-1188M	2,943	0
		ERS146-0188M	13,726	5,290
		ERO146-9188	0	14,069
		AOC00380169	24,080	0
		AOC01380105	0	23,802
		ERS175-1188F	2,622	0
		ERS175-0188F	11,385	2,346
		ER0175-9188FP	0	9,177
		C1000190001	7,500	0
	Program Total	N/A	<u>1,372</u>	<u>1,543</u>
			<u>63,628</u>	<u>56,227</u>
SOCIAL SECURITY ADMINISTRATION				
Passed through state Department of Elementary and Secondary Education:				
96.001	Social Security Disability Insurance	N/A	51	0
	Total Expenditures of Federal Awards		\$ <u>430,087</u>	<u>431,156</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

RANDOLPH COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Randolph County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Of the amounts for Immunization Grants (CFDA number 93.268), \$23,768 and \$26,973 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. Of the amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991), \$274 and \$309 represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$1,372 and \$1,543 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. The remaining amounts for Immunization Grants, the Preventive Health and Health Services Block Grant, and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$41,512 and \$79,046 to a subrecipient under the State and Community Highway Safety Program (CFDA number 20.600) during the years ended December 31, 2000 and 1999.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Randolph County, Missouri

Compliance

We have audited the compliance of Randolph County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2000 and 1999. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Randolph County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2000 and 1999. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance

with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 00-1.

Internal Control Over Compliance

The management of Randolph County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 00-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of Randolph County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

June 26, 2001 (fieldwork completion date)

Schedule

RANDOLPH COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2000 AND 1999

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major program(s):

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? x yes none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
20.600	State and Community Highway Safety

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

00-1.	Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Department of Health
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity	
Identifying Number:	ERS045-1188W, ERS045-0188W, and ERS045-9188
Award Years:	2000 and 1999
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.600
Program Title:	State and Community Highway Safety
Pass-Through Entity	
Identifying Number:	00-SA-09-4 and 99-SA-09-4
Award Years:	2000 and 1999
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Health and Human Services
Pass-Through Grantor:	Department of Health
Federal CFDA Number:	93.994
Program Title:	Maternal and Child Health Services Block Grant to the States
Pass-Through Entity	
Identifying Number:	ERS146-1188M, ERS146-0188M, ERS146-9188, AOC00380169, AOC01380105, ERS175-1188F, ERS175-

0188F, ER075-9188FP, and C1000190001
Award Years: 2000 and 1999
Questioned Costs: Not applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as part of the annual budget.

The county does not have adequate procedures in place to track federal financial assistance for the preparation of the SEFA. The county's SEFA schedule contained numerous errors and omissions. For example, expenditures from nine federal programs totaling approximately \$164,000 were omitted from the schedule. In addition, some grants that were partially federally funded, were recorded on the schedule as being fully federally funded. Some information provided to the County Clerk by the Health Center and Juvenile Office was inaccurate and/or incomplete.

Without an accurate and complete SEFA, federal financial activity may not be audited and reported in accordance with federal requirements which could result in future reductions of federal funds.

Similar conditions were noted in our prior report.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Clerk will attempt to prepare a complete and accurate schedule of expenditures of federal awards within his ability and within the scope of information provided to him by various county entities.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

RANDOLPH COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the two years ended December 31, 1998, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

RANDOLPH COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

Our prior audit report issued for the two years ended December 31, 1998, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

RANDOLPH COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Randolph County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 26, 2001. We also have audited the compliance of Randolph County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 26, 2001.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable constitutional, statutory, or contractual provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audits of the special-purpose financial statements of Randolph County and of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in

accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. Financial Condition and County Sales Tax
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- A. As noted in our two prior audit reports, the county's General Revenue Fund is in poor financial condition. The cash balance has been negative since 1997, declining from (\$10,440) at December 31, 1997, to (\$144,636) at December 31, 2000. In addition, the County Commission has budgeted significant deficit ending cash balances every year since 1996. The following chart shows the General Revenue Fund receipts, disbursements, and cash balances for the two years ended December 31, 2000.

Cash balance, January 1, 1999	\$	(88,344)
Receipts		2,690,320
Disbursements		<u>(2,668,049)</u>
Cash balance, December 31, 1999		(66,073)
Receipts		2,765,101
Disbursements		<u>(2,843,664)</u>
Cash balance, December 31, 2000	\$	<u>(144,636)</u>

Increases in receipts have not kept pace with increases in disbursements. As discussed later in the report, the salary commission (which is composed of the county's elected officials) approved salary increases totaling approximately \$98,000 for county elected officials paid from the General Revenue Fund. These increases took effect in 1999. In addition, the county incurred some large, one-time public safety costs during 2000. All county prisoners were boarded in other counties while the jail was remodeled after a shooting incident. In addition, the jail was renovated to add eight beds to reduce the number of prisoners boarded outside the county jail. These costs contributed to an \$86,000 increase in prisoner board disbursements and a \$34,000 increase in jail repair disbursements during 2000.

As discussed later in this MAR, the county did not adequately roll back its General Revenue Fund property tax levy for sales taxes collected. As a result of this non-compliance, the county collected \$78,011 in excess property taxes which improved the General Revenue Fund's cash flow. County voters rejected additional sales taxes in April 1997 and November 1999. Therefore, the county is now faced with some very difficult decisions to stabilize the financial condition of the General Revenue Fund.

The County Commission should review discretionary disbursements and evaluate management practices to ensure efficient use of resources available to the county and to determine if long-term reductions in discretionary disbursements are possible. In

addition, the County Commission should attempt to maximize receipts from all sources. As a final option, the county could seek voter approval to increase the General Revenue Fund property tax or impose additional sales taxes.

- B. The county has not sufficiently reduced its property tax revenues by 50 percent of sales tax revenues as provided in the ballot issue passed by the Randolph County voters under the provisions of Section 67.505, RSMo 2000.

Following are the calculations used in determining excess property tax revenues collected as of December 31, 2000 and 1999.

		Tax Year Ended December 31,	
		2000	1999
ACTUAL SALES TAX REVENUES	\$	1,105,993	1,046,671
Required percentage of revenue reduction	X	50%	50%
Required property tax revenue reduction		552,997	523,336
Assessed Valuation		286,191,443	278,957,942
General Revenue Fund tax levy reduction (per \$100 of assessed valuation)	X	0.18	0.18
Actual property tax revenue reduction		515,145	502,124
EXCESS PROPERTY TAX REVENUES COLLECTED		37,852	21,211
Excess property tax revenue collections from prior years		40,159	18,948
NET EXCESS	\$	78,011	40,159

For 1999 and 2000, the county set the property tax rate without calculating the required rollback. As a result, actual property tax collections were not sufficiently offset by 50 percent of sales taxes collected, resulting in excess collections of approximately \$78,011 at December 31, 2000. The county should consider this \$78,011 in excess collections when computing future property tax rollbacks. Based on the estimated assessed valuation and estimated sales tax revenues on the 2001 budget, and prior years' excess property tax collections, the County Commission should reduce the 2001 general revenue tax levy by approximately twenty-two cents.

WE RECOMMEND the County Commission:

- A. Consider various alternatives of increasing receipts and/or reducing disbursements to ensure that the General Revenue Fund's financial condition improves and is able to maintain an adequate operating cash reserve.

- B. Reduce the county property tax levy adequately to meet the sales tax reduction requirements, including reductions for excess property taxes collected in 2000 and prior years, and ensure that supporting documentation is maintained to support future calculations.

AUDITEE'S RESPONSE

- A. *The County Commission attempted to increase revenues by placing two sales tax issues on the ballot in recent years; however, both have failed to pass. The County Commission has considered various alternatives to increasing revenues for the General Revenue Fund and the subsequent increase in the costs of law enforcement by placing on the November 2001, ballot an issue that includes monies for operations of law enforcement and construction for law enforcement. The failure to maintain a balanced budget in Randolph County is both related to increased costs of law enforcement and the stagnant level of property tax revenues.*
- B. *The County Commission has reduced the General Revenue tax levy for the next fiscal year to meet the current sales tax reduction requirements and partially offset the amount of excess property taxes collected in 2000 and prior years.*

2.	Budgetary Practices and Published Financial Statements
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- A. Actual disbursements exceeded approved budgeted amounts in several county funds for the years ended December 31, 2000 and 1999, as follows:

Fund	2000	1999
Law Enforcement Training	\$ 521	N/A
Prosecuting Attorney Training	N/A	796
Sheriff	9,738	16,351
Local Emergency Planning Commission	N/A	817
Association Circuit Division Interest	613	N/A
Juvenile Officer Tutoring	569	752
Prosecuting Attorney Bad Check	N/A	49,627
Parenting Class	80	1,685
Family Access	N/A	40
Health Center	8,479	141,700

The Sheriff Fund budget was overspent in 2000, because the Sheriff did not budget for the \$15,029 transfer to the General Revenue Fund. In 1999, equipment purchases and other disbursements of the Sheriff Fund were not adequately monitored for compliance with the budget. The Prosecuting Attorney Bad Check Fund budget for 1999 did not include estimated disbursements. The Health Center Fund budget was

overspent in 1999, because salary disbursements were not adequately monitored for compliance with the budget.

Quarterly reports comparing budgeted and actual receipts and disbursements are available for the first four funds listed, but are not regularly requested by the officials or boards responsible for disbursement decisions for these funds. Prosecuting Attorney Bad Check Fund disbursement information is not entered into the county's computer system, so periodic reports are not generated. As already mentioned, the other funds listed are in the custody of other officials or departments which administer the transactions of those funds. As a result, the county's overall monitoring of disbursements is not adequate.

It was ruled in State ex rel. Strong v. Cribb 364 Mo. 1122, 273 SW 2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in the which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend the budget.

Similar conditions were noted in our two prior reports.

- B. The annual published financial statements of the county did not include the financial activity of some county funds as required. Section 50.800, RSMo 2000, provides that the financial statements are required to show receipts or revenues, disbursements or disbursements, and beginning and ending balances for all county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included.

This condition was noted in our two prior reports.

WE RECOMMEND the County Commission:

- A. And the Health Center Board not authorize disbursements in excess of budgeted amounts. If additional disbursements are necessary, the budgets should be amended and the circumstances adequately documented.
- B. Ensure financial information for all county funds is properly reported in the annual published financial statements.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *The County Commission is only responsible for the first four listed items which are:*
Law Enforcement Training Fund
Prosecuting Attorney Training Fund
Sheriff Fund
Local Emergency Planning Commission Fund

The Health Center Fund budget is not the responsibility of the County Commission. Also, the County Commission claims limited control by RSMo statutes over the "Sheriff Fund" and the "Prosecuting Attorney Bad Check Fund"; however, the Commission will enter into dialogue with the Sheriff and the Prosecuting Attorney regarding the mentioned accounts and monitor for compliance with the budgeting process.

In the future, budget amendments will be made following the same process by which the annual budget is approved.

- B. *The County Clerk and Commission will endeavor to ensure financial information for all county funds is properly reported in the annual published financial statements.*

The Health Center Administrator provided the following response:

- A. *The health center will make every effort to amend budgets when expenditures exceed budgeted amounts. The health center views a budget as a planning tool and even though an amended budget did not get filed with the State Auditor's office, there was sufficient oversight and review by the health center administrator and board of health trustees. Expenditures exceeded budgeted amounts but so did revenues. Overall, the important thing to remember is the health center spent less than it took in.*

3. Personnel Policies and Procedures

- A. The county sick leave policy needs to be clarified and uniformly applied to all county employees. The county reduces employee sick leave balances by more than the actual number of sick leave hours used. As a result, employees may lose up to eight more hours of sick leave per month than they actually use. This practice is not addressed in the county policy.

In addition, this practice is not being applied consistently to all county employees. The Sheriff's Department is maintaining sick leave records for its employees and is only reducing sick leave balances by the actual number of sick leave hours used. As a result, sick leave records maintained by the County Clerk and the Sheriff do not

agree. In addition, the county continues to pay employees for sick leave hours taken in excess of the employee's sick leave balance.

Clearly written policies are necessary to provide guidance to county employees and provide a basis for proper compensation. In addition, such policies should be uniformly applied and enforced to ensure all employees are treated equitably.

- B. Records of overtime worked and compensatory time balances are not centrally maintained. The County Clerk maintains these records for the Sheriff's Department and the Road and Bridge Supervisor maintains these records for the Road and Bridge Department. The County Clerk indicated all other officials are expected to maintain their own records of overtime and compensatory time balances for their employees. Our review of some of these records noted that the Prosecuting Attorney's office did not keep adequate records of overtime worked and compensatory time balances. As a result, the county does not have adequate records to monitor overtime worked by county employees and its overall liability for compensatory time.

Centralized records help ensure that the employees' overtime records are accurate and comply with county policy, better document compliance with the Fair Labor Standards Act (FLSA), and aid in determining final pay for employees leaving county employment.

WE RECOMMEND the County Commission:

- A. Clarify the sick leave policy. In addition, the County Commission should ensure the policy is uniformly applied to all county employees.
- B. Require the County Clerk to maintain centralized compensatory time records for all county employees.

AUDITEE'S RESPONSE

- A. *The County Commission and County Clerk will review and clarify the sick leave policy.*
- B. *The County Commission will enter into a dialogue with the Prosecuting Attorney's office and other county divisions regarding the maintenance of centralized compensatory time records. The County Clerk will consider maintaining centralized compensatory time records for all county employees.*

4.

County Officials' Salaries

Salaries for elected county officials increased significantly in January 1999. To evaluate these changes required reviewing the county's 1995 and 1997 salary commission meeting minutes and related Prosecuting Attorney opinions. This review determined that decisions of

the salary commission were not always clear, the amounts to be paid to each official were not always documented, there was a lack of consistency in applying various actions, and salaries actually paid to the county officials were not always supported by salary commission actions.

Senate Bill No. 11, effective August 28, 1997, amended numerous statutory sections relating to the compensation of county officials, and including increases to the statutory maximum salaries allowed for the various county officials. As a part of this legislation, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

- A. The Associate County Commissioners have considered this Supreme Court decision and do not believe it is applicable to them because Section 50.333.13, RSMo and Associate Commissioners' salaries were not addressed during the 1997 salary commission meeting. They contend that their salaries were addressed during the 1995 salary commission meeting, when a motion was made and passed that "all members' salaries subject to this Salary Commission (Associate Commissioners, Assessor, Coroner, and Sheriff), be set at the salary schedule set by the state legislators and set forth in the Missouri Revised Statutes". However, no percentages or amounts to be paid were specified in the meeting minutes. Except for the Associate Commissioners, the increases approved by the 1995 salary commission were paid beginning in 1997. The Associate Commissioners salaries did not increase until 1999. There is no documentation which explains the timing of raises for the Associate Commissioners.
- B. Salaries paid to elected officials beginning in 1999 were not supported by salary commission actions. The 1997 salary commission set salaries of the officials to be elected in 1998 at 86 percent of the maximum allowable compensation authorized by state law, effective at the beginning of each officials' next term. However, in December 1998 and January 1999, the Prosecuting Attorney issued written legal opinions to the County Commission indicating the salary commission decisions were not in compliance with statutory guidelines. The opinions also indicated that all officials' salaries should be set at 100 percent of the maximum amount allowed by law, based on the most current statutory formulas, except for the Prosecuting Attorney's salary which was set at the 86 percent rate approved by the salary commission. The salary commission did not reconvene to consider the salary recommendations addressed in the legal opinions. Except for the Prosecuting

Attorney, salaries for 1999 were paid at the rates recommended in the legal opinions. As a result, officials with terms that began in 1997 received the increases.

- C. The Prosecuting Attorney's salary paid at 86 percent of the statutory maximum during 1999 was increased to 100 percent of the statutory maximum during 2000. This increase was not supported by salary commission action or a legal opinion.

Because of changes to numerous statutory provisions relating to county officials' compensation, misunderstandings as to the effective dates of the various changes, inconsistent applications among the various officials, the county's poor documentation regarding salary changes, and the failure to reconvene the salary commission to address legal opinions issued subsequent to previous meetings and decisions, there is some doubt as to the propriety of county officials' salaries. Additionally, in light of the abovementioned Supreme Court ruling, raises given to county officials within their term of office should be re-evaluated for propriety.

Section 50.333, RSMo 2000, provides for the salary commission to meet in each odd-numbered year to determine the compensation to be paid to county officials beginning with their next term of office. It also requires the salary commission to issue, no later than December 15 of any year in which it meets, a report to indicate the amounts to be paid to each official.

The County Commission should ensure all future salary commission decisions are thoroughly documented and all future officials' salaries are supported by actions of the salary commission.

WE RECOMMEND the County Commission further review past salary commission actions and legal opinions in order to re-evaluate the propriety of county officials' salaries. In addition, the County Commission should ensure salary commission minutes clearly document all decisions made and all future elected officials' salaries are supported by actions of the salary commission.

AUDITEE'S RESPONSE

The County Commission provided the following response:

The County Commission does not agree with the conclusion drawn by the audit report as to this specific issue because the county adhered to the law, as it was required to do in taking its actions. However, in the interests of good government and accountability to the citizens of Randolph County, the County Commission will continue to carry out its legal responsibilities. In addition, the County Commission will review past actions of the Salary Commission and recommend procedures for the Salary Commission to follow in the future when it meets to carry out the Salary Commission's legal responsibilities.

The County Prosecuting Attorney provided the following response:

In October 1995, third class county officeholders through the state received correspondence from the State Auditor Margaret Kelly concerning the Missouri Salary Commission Statute. Specifically, the Auditor commented on our concerns regarding the many ambiguities of the statute and efforts to seek clarification of the law by opinions through the auditor's office and the attorney general to assist them in following the statute. (We were regularly reminded by auditor employees that they were not attorneys and could not give legal opinions or interpretations of the law.)

Afterwards, the salary commission in Randolph County met and approved a motion "That all members' salaries subject to this Salary Commission (Associate Commissioners, Assessor, Coroner, and Sheriff) be set at the salary schedule set by the state legislators and set forth in the Missouri Revised Statutes."

The officeholders were up for election in the following year, 1996. Thereafter, salaries were adjusted for the schedule in existence when the newly elected officials took office in 1997.

In 1997, the salary commission again met for those offices that were up for election in the year 1998. Two meetings were held pertaining to salaries but no agreement was reached, despite language in the statutes which encourages all officeholders to be at a uniform percentage of the salary schedule. A final meeting was held by telephone through Chairperson Fred Ward which resulted in the approval of a salary for officials elected in 1998 at 86 percent of the schedule. Thereafter, the prosecutor learned of special provisions in statutes governing each of the other officeholders, with the exception of the prosecuting attorney, requiring the salaries of those elected in 1998 to be at 100 percent of the schedule unless a defined percentage of the salary commission voted against the increase. The number of votes for the 86 percent increase was not adequate to overcome the requirements of the statute and, therefore, the language in the statute prevailed. This finding was made after the deadline for the salary commission's meeting in 1997, and no further meeting could be held affecting the salaries for the upcoming four year terms.

After consulting with chairperson, Fred Ward, concerning the voting requirements and passing of the meeting deadline, it was determined that the language of the statute prevailed and that the county must pay 100 percent to be consistent with the revised statutes and the preference for uniform percentages of schedule for all officeholders.

AUDITOR'S COMMENT

Senate Bill No. 11, which revised the statutory salary schedules for the various county officials, was passed in 1997 and effective on August 28, 1997. Considering this fact and the recent Supreme Court decision, the propriety of county officials' salaries needs to be re-evaluated.

5.**Bond Fees and Federal Grant Reimbursements**

Some fees are being collected without statutory authorization and the county claimed and received a federal grant program reimbursement twice.

- A. The Sheriff has continued to collect bond processing fees after the statute authorizing the fee was repealed. During the two years ending December 31, 2000 and 1999, the Sheriff collected bond processing fees totaling \$4,965 and \$5,465, respectively. As of June 30, 2001, approximately \$2,380 has been collected. These fees were deposited into the General Revenue Fund. Although Section 57.280, RSMo 1994, authorized the Sheriff to collect a \$5 fee for taking and returning every bond required by law, this statute was repealed in 1996 by Senate Bill No. 869, First Regular Session, 89th General Assembly. The new law does not contain a provision to collect bond processing fees. Therefore, it appears the Sheriff does not have authority to continue to collect the fee. The Sheriff should refrain from collecting fees that are not legally authorized.
- B. The county was reimbursed by the Missouri Sheriff's Association (MSA) twice for the same expenses. The County Clerk and the Sheriff's Office each submitted a claim to the MSA for reimbursement of marijuana eradication expenses incurred from June to August of 1999. The MSA paid both claims. As a result, the county was overpaid by approximately \$1,200. The payments were deposited in the Law Enforcement Training Fund. The Sheriff should contact the MSA to resolve the overpayment.

WE RECOMMEND the Sheriff:

- A. Discuss the collection of bond fees with the Circuit Judge and take appropriate action to resolve this issue.
- B. Contact the Missouri Sheriff's Association to resolve the overpayment of marijuana eradication expenses.

AUDITEE'S RESPONSE

- A. *The Sheriff indicated his office stopped collecting these fees effective August 22, 2001. The Circuit Judge was notified of this decision.*
- B. *The Sheriff indicated the county reimbursed the Missouri Sheriff's Association \$1,092 in August 2001.*

6.**Computer Controls**

The offices of the County Assessor and County Collector have access to a computer system that is networked together to maintain assessed valuation and property tax information. In addition, the County Clerk uses a computer system to maintain records of the county's financial transactions and other computerized records. Our review of the computer system controls and procedures indicated the following concerns:

- A. Passwords are used, but are not changed on a periodic basis to ensure confidentiality. In addition, each office has one password for each computer system and all employees of the office share the password. As a result, there is less assurance that passwords effectively limit access to the data files and programs to only those individuals who need access for completion of job responsibilities. Passwords should be unique, changed periodically to reduce the possibility of unauthorized users, and utilized to restrict individuals' access to only those data files and programs they need to accomplish their jobs.
- B. The county does not have a formal emergency contingency plan for its computer systems. As a result, the county has not made a formal arrangement for the use of backup facilities in the event of a disaster.

Contingency plans should include plans for a variety of situations, such as short- and long-term plans for backup hardware, software, facilities, personnel, and power usage. Involvement of users in contingency planning is important since users will likely be responsible for maintaining at least a portion of the backup under various contingencies. The major benefit of a thorough disaster recovery plan is the ability of the county to recover rapidly from disaster or extraordinary situations that might cause considerable loss or disruption to the county. Because of the county's degree of reliance on data processing, the need for contingency planning is evident.

These conditions were noted in our prior report.

WE AGAIN RECOMMEND the County Commission:

- A. Ensure passwords are periodically changed and remain confidential.
- B. Develop a formal contingency plan for the county's computer systems.

AUDITEE'S RESPONSE

- A. *The County Commission has begun discussions with various department heads to formulate a policy regarding passwords and when they should be changed.*

- B. *The County Commission has begun meeting with various officeholders to develop a formal contingency plan for the county's computer system.*

7. Rental Agreement

The county does not have a signed written agreement for rental of the office space occupied by the Prosecuting Attorney's Office. The Prosecuting Attorney owns the building and it is also used in the operation of his private law practice. During 2000 and 1999, the Prosecuting Attorney paid himself rent from the Prosecuting Attorney Bad Check Fund totaling \$12,240, and \$10,500, respectively. The Prosecuting Attorney has drafted written agreements to document the responsibilities of each party and specify how the rent and utility payments are determined, but the County Commission has not signed the agreements. The County Commission should review the current proposed agreement, identify any issues that concern them, and work with the Prosecuting Attorney to resolve these issues.

Once the County Commission has reviewed the proposed agreement and resolved any concerns, it should enter into a specific, written agreement outlining what rent, equipment, and/or personnel will be provided by the county and what will be provided by the private practice. The basis for the arrangement should be documented and maintained. In addition, Section 432.070, RSMo 2000, requires the county to have all contracts in writing.

It is important to document the adequacy of the financial arrangement between the Prosecuting Attorney and the county, as well as the basis for the allocation of resources between county and private use. This is necessary to avoid the appearance of impropriety and alleviate questions regarding possible inappropriate use of public resources.

This condition was noted in our prior report.

WE RECOMMEND the County Commission work with the Prosecuting Attorney to formalize the agreement for this rental arrangement and document the allocation of resources between the county and Prosecuting Attorney's private practice.

AUDITEE'S RESPONSE

The County Commission contracted with a local attorney to review the contract. On September 6, 2001, he returned the contract recanting the obligation of reviewing the agreement because of his professional association with the Prosecuting Attorney. Subsequently, the County Commission retained the services of another attorney who is very knowledgeable of county government. He has reviewed the contract and made suggestions. The Commission has now requested that he draft a new contract with the suggested revisions that will be presented to the Prosecuting Attorney.

The Prosecuting Attorney is responsible for collecting and disbursing bad check restitution and fees, delinquent tax payments for the state, and pre-sentencing court restitution. Bad check and delinquent tax transactions are generally handled with money orders made payable to the merchant or County Treasurer, and checks made payable to the state Department of Revenue, as applicable. An official bank account is maintained for depositing pre-sentencing court restitution receipts, as well as delinquent tax and bad check restitution and fee payments made payable to the Prosecuting Attorney. Our review of the Prosecuting Attorney's records and procedures noted significant concerns.

- A. Accounting duties are not adequately segregated. The office manager records transactions, makes bank deposits, and prepares bank reconciliations. There are no documented reviews of the accounting records performed by the Prosecuting Attorney or other personnel independent of these processes.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- B. Prenumbered receipt slips were not issued for some monies received. To adequately safeguard receipts against loss or misuse, prenumbered receipt slips should be issued for all monies received.
- C. Until May 1999, the Prosecuting Attorney deposited receipts of the Prosecuting Attorney's Office in a bank account maintained for his private practice. Then he opened a separate bank account for his private practice and started using the existing account as the official bank account for the Prosecuting Attorney's Office.

Throughout much of the audit period, the Prosecuting Attorney's staff did not prepare bank reconciliations, maintain a check register balance, or prepare listings of open items (liabilities) for the official bank account. As of February 2001, no bank reconciliation had been prepared since October 1999, no check register balance had been determined since March 2000, and no listing of open items (liabilities) had been prepared for several years.

In February 2001, the Prosecuting Attorney paid a Certified Public Accountant (CPA) \$1,050 from the Prosecuting Attorney Bad Check Fund to review the records of the official bank account, determine the check register balance, prepare an open items listing, and reconcile the check register balance to the open items. The CPA determined the account balance as of December 15, 2000, was \$5,955 and identified

open items totaling \$5,926. The open items listing included some items that have been held more than three years. The Prosecuting Attorney's office manager reviewed the open items listing prepared by the CPA and determined that \$230 of open items pertained to the Prosecuting Attorney's private practice. Had proper reconciliation procedures been performed on a regular basis, such errors could have been detected and corrected on a timely basis. Since completion of the CPA's work, the office manager has been maintaining a check register balance, preparing monthly bank reconciliations, and reviewing the open items listing prepared by the CPA, to determine the proper disposition of these monies.

The Prosecuting Attorney should ensure monthly bank reconciliations and listings of open items are prepared and reconciled to the check register balance on a timely basis to ensure records are in balance, errors are detected and corrected, and sufficient cash is available for the payment of all liabilities. Procedures should be established to routinely investigate and dispose of old open items. In addition, the \$230 of private practice receipts should be withdrawn from the Prosecuting Attorney's official bank account and deposited into the private practice account.

- D. An adequate system to account for all bad check complaints received by the Prosecuting Attorney's office, as well as the subsequent disposition of these complaints, has not been established. The bad check complaints are not assigned sequential control numbers nor are they recorded on an initial log or listing as they are received. In addition, the Prosecuting Attorney does not obtain documentation from the merchant when the restitution money orders are turned over to them.

To ensure all bad checks turned over to the Prosecuting Attorney are properly handled, a sequential number should be assigned to each bad check complaint received and a log should be maintained listing each complaint and its disposition. The log should contain information such as the complaint number, the merchant's name, the issuer of the check, the amount of the bad check fee, and the disposition of the bad check, including the date restitution was received and disbursed to the merchant, the date and criminal case in which charges were filed, or other disposition. In addition, documentation should be obtained from the merchant to indicate their receipt of the restitution.

This condition was also noted in our prior report.

- E. Bad check fees totaling \$3,141 collected by the Prosecuting Attorney's Office in June 2000, appear to be missing. There is no evidence that these fees were ever transmitted to the County Treasurer for deposit. We detected this problem while reconciling the Prosecuting Attorney's bad check fee receipt records to the receipts of the Prosecuting Attorney Bad Check Fund maintained by the County Treasurer. Because the Prosecuting Attorney's office did not reconcile receipt slips issued by the County Treasurer to their receipt records, they were unaware that these monies were not received by the County Treasurer.

Because we had concerns that the missing transmittal might have been misappropriated, we performed additional follow up procedures for several money orders. By contacting the company which issued the money orders, we determined that three money orders included in the transmittal are still outstanding. In addition, a Sheriff's department check in the transmittal is still outstanding. Given this information, it appears the June 2000 receipts may have been misplaced. The Prosecuting Attorney needs to follow up on the remaining missing receipts.

WE RECOMMEND the Prosecuting Attorney:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Issue prenumbered receipt slips for all monies received.
- C.1. Ensure open items listings and bank reconciliations are prepared and reconciled to the check register balance monthly.
 - 2. Establish procedures to routinely follow up on old open items and determine their proper disposition.
 - 3. Deposit the \$230 into the appropriate bank account.
- D. Assign sequential control numbers to bad check complaints and maintain a log to adequately account for bad check complaints as well as the ultimate disposition.
- E.1. Follow up on the June 2000 bad check fee transmittal.
 - 2. Obtain receipt slips for all monies transmitted to the County Treasurer and reconcile them to his receipt records.

AUDITEE'S RESPONSE

- A. *Duties are now segregated to the extent possible and procedures are in place to ensure independent reviews occur.*
- B. *Receipts slips are now being issued for all types of monies received.*
- C.1. *Monthly bank reconciliations are being prepared. The office manager is currently reviewing the open items listing prepared by the CPA to determine the appropriate disposition of these monies. Once this is completed, periodic open items listings will be prepared and reconciled to the check register balance. Efforts will be made to fully implement this recommendation within ninety days.*

2. *Some of the old open items have been disposed of and the office manager is continuing to verify information regarding other open items so that the monies can be disposed of.*
3. *This recommendation has been implemented.*
- D. *We plan to implement procedures to better account for bad check complaints within ninety days.*
- E.1. *To the extent possible, we will continue to try to locate the missing fees. We will re-evaluate the procedures and personnel involved in transmitting monies to the County Treasurer so that improvements in the system can be implemented.*
2. *This recommendation has been implemented. Treasurer's receipt slips are now reconciled to our accounting records.*

9.	Juvenile Office Controls and Procedures
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- A. The Juvenile Office does not have an adequate segregation of duties. The administrative assistant collects monies, records transactions, prepares and makes deposits, and reconciles the bank statement. The Chief Juvenile Officer does not review the work performed by the administrative assistant.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- B. Monthly listings of open items (liabilities) are not prepared and reconciled to the cash balance. At our request, the Juvenile Office prepared an open items listing as of March 31, 2001. During the preparation of this list, it was determined that \$360 was erroneously requisitioned from the county for class fees already reimbursed by juveniles, a \$200 restitution receipt was disbursed twice to the same individual, and \$125 of open items are unidentified. The \$360 receipt is due back to the General Revenue Fund. Juvenile Office efforts to recoup the \$200 overpayment have been unsuccessful. These errors could have been detected and corrected on a timely basis if monthly open items listings had been prepared and reconciled to the cash balance.

Monthly listings of open items should be prepared and reconciled to the cash balance to ensure records are in balance, errors are detected and corrected on a timely basis, and sufficient cash is available for the payment of all liabilities. Furthermore, the Juvenile Office should attempt to determine the reasons for the difference between the reconciled cash balance and liabilities. If proper disposition of the unidentified

monies cannot be determined, these monies should be disposed of in accordance with state law. In addition, the errors noted above should be corrected.

WE RECOMMEND the Chief Juvenile Officer:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Prepare monthly listings of open items and reconcile the listings to the cash balance. Differences should be investigated and any monies remaining unidentified should be disposed of in accordance with state law. In addition, the \$200 overpayment should be resolved and future requisitions submitted to the county should be reduced by \$360 to correct the class fee requisition error.

AUDITEE'S RESPONSE

- A. *Unscheduled monthly audits of all accounting records will be performed by the Chief Juvenile Officer. Findings of these audits will be documented.*
- B. *Monthly listings of open items will be prepared and reconciled with the bank statement (cash balance). Any discrepancies will be investigated and resolved at that time.*

10.

Health Center

- A. Fixed assets are not being tagged and added to the inventory listing on a timely basis. During our review of disbursements, we discovered five computers purchased in July 1999 and a tractor purchased in September 2000 were not tagged as Health Center property and recorded on the fixed asset inventory listing. In addition, an annual inventory of all general fixed assets is not conducted.

Property control tags should be affixed to all fixed asset items on a timely basis to help improve accountability and to ensure that assets are identified as property of the health center. Adequate general fixed asset records are necessary to meet statutory requirements, secure better internal control over and safeguard assets, and provide a basis for determining proper insurance coverage. Also, if properly performed, an annual inventory could help detect items not recorded on the inventory records.

Similar conditions were noted in our prior report.

- B. The Health Center Board used Health Center monies to finance purchases of computers for employees' personal use. During the year ended December 31, 2000, the Health Center Board budgeted \$5,000 to be used for this computer purchase program, which allowed five employees to purchase computers for home use. The Health Center Administrator indicated the program was established to enable

employees to improve their computer proficiency. However, the Health Center has not established procedures to measure the effectiveness of the program. Reimbursements collected are used to finance additional employee computer purchases. The employees reimburse the health center through payroll deductions over a 36-month period, which does not enable the Health Center to recover the costs on a timely basis. The health center does not charge interest on these employee loans.

The Health Center Board has no statutory authority to make loans and Article VI, Section 23, of the Missouri Constitution, specifically prohibits counties, cities, or other political subdivisions of the state from granting public money or things of value to any corporation, association, or individual.

WE RECOMMEND the Health Center Board:

- A.1. Tag all fixed assets immediately upon receipt and record them on the inventory listing on a timely basis.
- 2. Perform an annual physical inventory and reconcile it to the inventory listing.
- B. Discontinue the practice of financing purchases for employees' personal use.

AUDITEE'S RESPONSE

The Health Center Administrator provided the following responses:

- A. *We will make sure that all health department property is tagged and logged on the fixed asset inventory listing. It is our intention to do an annual inventory reconciliation compared to the disbursements register so that all items are tagged.*
- B. *The health center employees are the most important assets of the agency. Computerization within the department has been a unique challenge. Many of the employees had not had an opportunity to learn basic computer skills. The employee computer purchase program was an attempt to increase the computer skill level of employees by allowing them to use computers in their homes after hours. The same thing could have been accomplished by the health center loaning equipment to employees to use at home but we felt that ownership of the equipment and the fact that the employee was paying for the computers would encourage more use. The health center would also recoup the purchase price of the equipment in this manner.*

The auditor suggested that perhaps we send employees to training rather than the purchase program. Our response to that is we do send people to training, but they have to have the tools to work with or the training is not effective.

While there has not been a formal evaluation of the success of the program, we feel that employee computer skills have vastly improved since the program was implemented.

Employees are also required to fill out an application for the program that evaluates how much they use the equipment on the job, how many years they have been with the department, and if their supervisor feels the equipment would benefit them on the job.

They are also required to sign a contract to pay for the equipment. The department has initiated interest payments as part of the purchase program equal to what the bank would pay for the same funds put into a savings account.

The health center views this program just as any other continuing education program. We feel that better trained employees provide better service to the county.

Since most employees are now trained in the use of computers, we will discontinue the program in the future with no new purchases to be made.

This report is intended for the information of the management of Randolph County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

RANDOLPH COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Randolph County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1996.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Financial Condition

- A. The county's General Revenue Fund cash balance had declined significantly since 1990. This resulted largely from increased public safety disbursements and several unanticipated disbursements. Also, county voters rejected a sales tax for law enforcement purposes in April 1997.
- B. The County Commission budgeted a deficit balance for the General Revenue Fund in 1997.

Recommendation:

- A. Consider the various alternatives of increasing receipts and/or reducing disbursements. In addition, the County Commission needs to review discretionary disbursements and evaluate management practices to more efficiently use the resources available to the county.
- B. Ensure budgeted disbursements do not exceed budgeted receipts plus beginning cash balance and other available resources for any funds.

Status:

- A. Partially implemented. Although the County Commission has made efforts to control discretionary expenditures and attempted to get sales tax issues passed by the county voters, the county's General Revenue Fund is still in poor financial condition. See MAR finding number 1.
- B. Implemented.

2. Budgetary and Reporting Practices

- A. Disbursements were made in excess of the approved budgets for several funds.
- B. Formal budgets were not prepared for various county funds.

- C. The approved budget documents did not adequately project the anticipated financial condition of the Special Road and Bridge Fund because of the County Commission practice of underestimating receipts and overestimating disbursements.
- D. Prior years actual revenues and expenditures and beginning and estimated ending cash balances were not reflected on the Health Center Fund budgets.
- E. The annual published financial statements of the county did not include the financial activity of some county funds.

Recommendation:

- A. The County Commission and the Health Center Board of Trustees keep expenditures within the amounts budgeted. If excess expenditures are necessary, the extenuating circumstances should be fully documented in the County Commissions or board minutes and the budgets properly amended.
- B. The County Commission and County Clerk ensure budgets are prepared and filed for all county funds in accordance with state law.
- C. The County Commission estimate receipts and disbursements as closely as possible to the anticipated actual amounts so that a reasonable estimate of the county's financial position is presented.
- D. The Health Center Board of Trustees reflect prior years revenues and expenditures and beginning and estimated ending fund balances on the budget document.
- E. The County Commission, County Clerk, and Health Center Board of Trustees ensure financial information for all county funds is properly reported in the annual published financial statements in accordance with state law.

Status:

- A&E. Not implemented. See MAR finding number 2.
- B. Partially implemented. Although improvement was noted, budgets were not prepared for two funds in 2000. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Implemented.

- D. Partially implemented. Prior years revenues and expenditures were reflected on the budget document, but the beginning and estimated ending fund balances were not documented. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Expenditures

- A. The County Commission disbursed in excess of \$250,000 to not-for-profit corporations (NFPs) and charitable and civic groups operating in the county without complete documentation to support the particular county goods or services provided.
- B. The county overpaid a bill for patrol car gasoline. In addition, the county allowed the Sheriff and deputies to obtain cash from vendors by charging expenses to the county.
- C. The County Commission approved expenditures totaling \$4,040 to a shelter for victims of domestic violence without ensuring the shelter submitted an application for funding or annual reports as required by state law. In addition, the county did not have a written agreement with the shelter.

Recommendation:

- A. Discontinue the practice of granting public funds to not-for-profit corporations or private companies.
- B. Ensure patrol car expenses are necessary and reasonable and adequately reviewed prior to payment. We also recommend the County Commission discontinue allowing employees to obtain cash by charging expenses to the county.
- C. Comply with statutory requirements for monies expended to the shelter for victims of domestic violence. In addition, the County Commission should obtain a written contract with the shelter which specifically states how the funds are to be used.

Status:

A&B. Implemented.

- C. Not implemented. The county did not obtain applications, annual reports, and a written agreement with the shelter. However, the county only disbursed \$1,000 to the shelter during the two years ending December 31, 2000, and the Prosecuting Attorney works with the shelter and monitors the shelter's use of the county's contributions. Although not repeated in the current MAR, our recommendation remains as stated above.

4. Prosecuting Attorney's Accounting Controls and Procedures

- A. The Prosecuting Attorney did not maintain adequate records of the restitution payments remitted directly to merchants.
- B. The Prosecuting Attorney did not establish an adequate system to account for all bad check complaints and their subsequent disposition.

Recommendation:

The Prosecuting Attorney:

- A. Maintain documentation of payments remitted directly to the merchants.
- B. Implement procedures to adequately account for bad check complaints received as well as the ultimate disposition of each complaint through the use of a log to account for the disposition of each complaint.

Status:

Not implemented. See MAR finding number 8.

5. Health Centers Accounting Practices

The health center experienced a declining cash balance. Losses incurred from operating a day care program contributed to the problem.

Recommendation:

The Health Center Board of Trustees consider the various alternatives of increasing receipts and/or reducing disbursements, including eliminating services that are not cost effective. In addition, the Board of Trustees needs to review discretionary disbursements and evaluate management practices to more efficiently use the resources available to the Health Center.

Status:

Partially implemented. The Health Center's day care and hospice program were discontinued and the Health Center's financial condition has improved. However, some questionable disbursements were noted. See MAR finding number 10.

6. Juvenile Office Expense Reimbursements

The County Clerk used an incorrect percentage to bill Howard County for its prorated share of juvenile office expenditures.

Recommendation:

The County Clerk use the correct percentage to bill future juvenile office expenditures. In addition, the County Clerk should review prior billings to determine the significance of amounts under billed, and pursue collection of under billed amounts as appropriate.

Status:

Implemented. The county is currently using the correct percentage. Billing errors in 1997 were corrected. The County Clerk indicated a decision was made to forego collection of amounts due from 1996 and prior years.

7. County Leave Policies

A Sheriff's Office employee accumulated and took more vacation leave than allowed by the county policy. In addition, law enforcement employees compensatory hours appeared excessive and were not calculated in accordance with the county policy.

Recommendation:

The County Commission establish procedures to ensure leave transactions are properly calculated and monitored. In addition, the County Commission should recalculate compensatory time balances in accordance with leave policies adopted.

Status:

Partially implemented. The vacation leave policy is being enforced. Compensatory hours for the Sheriff's Department are being calculated in accordance with the county policy, but 1996 and prior years' hours were not recalculated as recommended. Other problems were noted with county leave policies and compensatory time records. See MAR finding number 3.

STATISTICAL SECTION

History, Organization, and
Statistical Information

RANDOLPH COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1829, the county of Randolph was named after John Randolph, of Virginia. Randolph county is a county-organized, third-class county and is part of the Fourteenth Judicial Circuit. The county seat is Huntsville.

Randolph County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Randolph County received its money in 2000 and 1999 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2000		1999	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 1,132,675	26	1,115,972	26
Sales taxes	1,105,993	45	1,046,671	45
Federal and state aid	1,422,543	12	1,443,513	12
Fees, interest, and other	729,701	17	757,451	17
Total	\$ 4,390,912	100	4,363,607	100

The following chart shows how Randolph County spent monies in 2000 and 1999 from the General Revenue and Special Road and Bridge Funds:

USE	2000		1999	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 1,130,341	25	1,106,732	26
Public safety	1,713,323	38	1,561,317	36
Highways and roads	1,635,216	37	1,638,934	38
Total	\$ 4,478,880	100	4,306,983	100

The county maintains approximately 89 county bridges and 450 miles of county roads.

The county's population was 22,434 in 1970 and 24,370 in 1990. The following chart shows the county's change in assessed valuation since 1970:

	Year Ended December 31,				
	2000	1999	1985*	1980**	1970**
	(in millions)				
Real estate	\$ 188.9	187.1	284.6	48.2	27.6
Personal property	63.0	57.9	47.3	39.2	15.3
Railroad and utilities	34.3	33.9	25.1	14.8	10.5
Total	\$ 286.2	278.9	357.0	102.2	53.4

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Randolph County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,	
	2000	1999
General Revenue Fund	\$.1700	.1700
Special Road and Bridge Fund*	.2700	.2700
Health Center Fund	.1500	.1500

* The county retains all tax proceeds from areas not within road districts. The county has one road district that receives four-fifths of the tax collections from property within this district, and the Special Road and Bridge Fund retains one-fifth. The road district also has an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28 (29),	
		2001	2000
State of Missouri	\$	85,368	88,852
General Revenue Fund		517,297	492,030
Special Road and Bridge Fund		756,186	741,725
Assessment Fund		189,730	183,243
Health Center Fund		421,061	414,654
Schools Fund		10,738,797	10,134,202
Library Fund		839,541	797,939
Fire Districts Fund		32,805	31,771
Ambulance Districts Fund		505,834	524,573
Moniteau Watershed Fund		3,582	3,504
City of Moberly-TIFs		46,790	62,582
Special Road District Fund		264,205	260,510
Cities		1,123,708	1,091,073
Tax Sale Surplus Fund		145	300
County Clerk		484	723
County Employees' Retirement		69,660	72,234
Other		359	243
Commissions and fees:			
General Revenue Fund		240,968	235,302
Total	\$	<u>15,836,520</u>	<u>15,135,460</u>

Percentages of current taxes collected were as follows:

		Year Ended February 28 (29),	
		2001	2000
Real estate	97 %		97 %
Personal property	90		92
Railroad and utilities	100		100

Randolph County also has the following sales tax; the rate is per \$1 of retail sales:

		Rate	Expiration Date	Required Property Tax Reduction
General	\$.0050	None	50

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2001	2000	1999
County-Paid Officials:			
Frederick A. Ward, Presiding Commissioner	\$	30,930	30,380
Jack Franklin, Associate Commissioner		28,930	28,380
Rick Thornburg, Associate Commissioner		28,930	28,380
Mark Price, Recorder of Deeds		43,550	43,000
Jim Sears, County Clerk		43,550	43,000
Michael Fusselman, Prosecuting Attorney		65,500	56,330
Don Ancell, Sheriff		48,550	48,000
Becky Brown, County Treasurer		32,370	31,820
John Gibbs, County Coroner		15,550	15,000
Martha Creed, Public Administrator *		40,625	64,218
Shiela Miller, County Collector, year ended February 28 (29),	43,550	43,092	
Richard Tregnago, County Assessor **, year ended August 31,		44,267	43,900
* Includes fees received from probate cases.			
** Includes \$900 annual compensation received from the state.			
State-Paid Officials:			
Norma Prange, Circuit Clerk		50,593	48,609
James Cooksey, Associate Circuit Judge		97,382	87,235

A breakdown of employees (excluding the elected officials) by office at December 31, 2000, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk	0	6
Recorder of Deeds	2	0
County Clerk	4 *	0
Prosecuting Attorney	10 **	0
Sheriff	34 ***	0
County Collector	3 ***	0
County Assessor	9 ****	0
Associate Division	0	4
Probate Division	0	1
Road and Bridge	19	0
Health Center	64 *****	0
Juvenile Office	3	7
Total	<u>148</u>	<u>18</u>

* Includes two part time employees.

** Includes three part time employees.

*** Includes one part time employee.

**** Includes four part time employees.

***** Includes thirty part time employees.

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Randolph County's share of the Fourteenth Judicial Circuit's expenses is 71.67 percent.